

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 — 0 1 3

2. STATE:

CA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.205

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 0
b. FFY 2003 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19 - A

Page 290000

29qqqq

29rrrr

29pppp is included but not amended
6/28/029. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19 - A

Page 290000

29qqqq

29ff
7/11/03

10. SUBJECT OF AMENDMENT:

Disproportionate Share Hospital Payment Adjustment Program, Supplemental Payment
and Department Certification *7/16/03*

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED: Governor'sOffice does not wish to review
State Plan Amendments

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Gail Margolis, Esq.

14. TITLE:

Deputy Director, Medical Care Services

15. DATE/SUBMITTED:

6/28/02

16. RETURN TO:

Department of Health Services

Attn: State Plan Coordinator

714 P Street, Room 1640

Sacramento, CA 95814

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

June 28, 2002

18. DATE APPROVED:

February 11, 2003

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

April 1, 2002

20. SIGNATURE OF REGIONAL OFFICIAL:

[Signature]

21. TYPED NAME:

Linda Minamoto

22. TITLE:

Associate Regional Administrator
Division of Medicaid

23. REMARKS:

Pen-and-ink changes made with the concurrence
of DHS:

Blocks 8 and 9 - Page 29ff added.

Block 10 - Subject of Amendment expanded.

Attachment 4.19-A, Page 29ff - Superseded TN corrected.

submitted by a reporting hospital to the agency responsible for issuing the particular report, or to make any other correction, change, or adjustment in the data reported by a particular hospital. A variance under this Section J will not be made to alter the fundamental structure or general scheme of this Section J; where significant changes in the formulas, calculations, or methodologies specified in this Section J are necessary, the Department will submit a state plan amendment to the Health Care Financing Administration in the normal course.

9. Department Certification

The Department certifies that it is meeting the requirements of section 1923(g) of the Social Security Act (as added by the Omnibus Budget Reconciliation Act of 1993) by applying the methodology set forth in this Section J. Further, the Department assures that it does not exceed the federal allotment for California set forth at section 1923(f) of the Act.

- (4) The maximum amount of supplemental lump-sum payment adjustments under this subsection shall be the positive remainder derived in subparagraph (3).
- c. For purposes of supplemental lump-sum payment adjustments under this subsection, only hospitals that can be categorized into either of the two groups specified in subparagraphs (1) and (2) below shall be eligible to receive the supplemental payment adjustments, and no hospital may qualify for more than one of the two groups. The following groups of hospitals shall be recognized:
- (1) "Public hospitals," which shall include all eligible hospitals that, as of July 1 of the applicable payment adjustment year, met the definition of a public hospital.
- (2) "Nonpublic hospitals," which shall include all eligible hospitals that, as of July 1 of the applicable payment adjustment year, met the definition of a nonpublic hospital.
- d. The amount determined to be the maximum amount of supplemental lump-sum payment adjustments under paragraph b. shall first be allocated between the two groups of hospitals referred to in paragraph c. as follows:
- (1) "Public hospitals": 75.00% of that amount which is equal to the maximum amount identified in subparagraph (4) of paragraph b. of this subsection 3.
- (2) "Nonpublic hospitals": That amount equal to the maximum amount identified in subparagraph (4) of paragraph b. of this subsection 3. less the amount allocated to public hospitals determined under subparagraph (1).
- e. The amount of funds allocated pursuant to paragraph d. shall then be distributed as supplemental lump-sum payment adjustments among the eligible hospitals within each particular group as follows:
- (1) The Department shall identify for each eligible hospital the total amount of payment adjustments under this Attachment (exclusive of any payments under this subsection) applicable to the payment adjustment year, whether paid or payable. The applicability of the payment adjustment amounts to this period of time shall be determined in accordance with federal Medicaid rules.

shall be reduced accordingly, yielding a modified pro rata share, so that the maximum portion of the funds allocated to the nonpublic hospitals group will not be exceeded. The pro rata share or modified pro rata share, as applicable, for each hospital, as computed under this subparagraph, shall also be used for all purposes relating to descending pro rata distributions under subparagraph (8).

- (8) In no event shall a hospital receive supplemental lump-sum payment adjustment amounts in excess of the difference between the OBRA 1993 payment limitation for the hospital and the amount computed for the hospital under subparagraph (1). Any supplemental lump-sum payment adjustment amount, or portion thereof, that otherwise would have been payable under this paragraph to a hospital, but that is barred by this limitation, shall be distributed on a descending pro rata basis to those hospitals within the same group.
- f. The Department shall make interim and final payments of the supplemental lump-sum payment adjustments to hospitals on or before June 30 of the applicable payment adjustment year.
- g. With respect to the 2001-02 payment adjustment year, supplemental lump-sum payment adjustments shall be determined and payable in conformance with the provisions of paragraph a. through f., except as set forth below.
 - (1) Each eligible hospital that, as of July 1, 2001, met the definition of a nonpublic/converted hospital, and that remains in operation as of June 30, 2002, shall be eligible to receive supplemental lump-sum adjustments in an amount equal to the amount of fifty-five million dollars (\$55,000,000), multiplied by a fraction, the numerator of which is the total payment adjustment amount payable to the hospital pursuant to subsection 2 of Section P. (commencing with page 29ffff), and the denominator of which is the maximum state disproportionate share hospital allotment for California identified under subparagraph (1) of paragraph b. of this subsection 3.

Notwithstanding the foregoing, in no case shall any amount otherwise payable pursuant to this subparagraph (1) be paid in an amount that would cause any hospital to exceed the applicable OBRA 1993 payment limitation. Any amount that cannot be paid to a hospital as a result of the restriction in the preceding sentence shall revert for purposes of the allocations made pursuant to subparagraph (2).

- (2) The allocation amounts specified in subparagraphs (1) and (2) of paragraph d. shall be modified as follows:
- (a) With respect to that amount equal to thirty-six million, six hundred sixty-six thousand, six hundred sixty-seven dollars (\$36,666,667) less one-third of the total supplemental lump-sum payment adjustments amounts payable to nonpublic/converted hospitals pursuant to subparagraph (1), the allocation shall be 0.00% to public hospitals, and 100% to nonpublic hospitals.
 - (b) With respect to that amount which is equal to the maximum amount of supplemental lump-sum payment adjustments identified in subparagraph (4) of paragraph b., minus the amounts payable to non-public/converted hospitals pursuant to subparagraph (1), and minus the amounts allocated pursuant to clause (a), the allocation shall be 75.00% to public hospitals, and 25.00% to nonpublic hospitals.